

BILL # HB 2594

SPONSOR: Johnson

REQUESTED BY: House

TITLE: ~~spirituous liquor; refrigerated containers; prohibition~~
(NOW: no child left behind; nonparticipation)

STATUS: As Amended by House Appropriations

PREPARED BY: Jake Corey/Steve Schimpp

FISCAL ANALYSIS

Description

The bill, as amended by a House Appropriations strike-everything amendment, requires the Arizona Department of Education (ADE) to revise the state's plan for complying with the federal No Child Left Behind (NCLB) Act by exempting all schools that do not receive Title I funding. If the federal Department of Education rejects the revised plan, the state's accountability system would be deemed to fulfill the accountability requirements of NCLB. In addition, the bill prohibits the Legislature from appropriating additional monies to pay for costs of complying with NCLB.

Estimated Impact

The bill would result in foregone General Fund cost increases for compliance. The JLBC Staff cannot determine compliance related savings under the bill because they would depend largely on the number of Arizona schools not making "adequate yearly progress" under NCLB, which is unknown. Those costs also will depend on how compliance is measured under NCLB, which is still being refined by the federal government. We are not aware of any Arizona-specific estimates of compliance costs for NCLB. Available studies on this topic from other states, however, generally conclude that compliance costs will exceed new federal funding provided for NCLB (see separate discussion below).

The bill also would cause a loss of federal funding if the U.S. Department of Education (USDOE) determined that Arizona was not complying with NCLB because of the bill and if the USDOE did not waive the loss of federal funding that otherwise would occur due to non-compliance. The Arizona Department of Education estimates that this loss would have been about \$325 million for the current year (FY 2004). For FY 2005, we estimate that it would be about \$384 million based on data from ADE. Both estimates assume that the state would only lose federal K-12 monies that are directly tied to NCLB, which currently equal about half of all federal K-12 funding to Arizona.

Analysis

The federal NCLB Act of 2001 contains a number of provisions that could increase state costs for public schools, including 1) additional testing requirements, 2) higher minimum qualifications for teachers, and 3) "adequate yearly progress" standards for all K-8 schools. States are required to meet NCLB standards in order to remain eligible for Title I and other NCLB-related funding. Title I funding from the federal government is intended to help low-achieving children meet state academic standards.

For FY 2005, ADE estimates that Arizona will receive about \$267 million in Title I funding. In addition, it estimates that Arizona will receive about \$117 million for other programs funded through NCLB, such as Language Acquisition State Grants.

New NCLB-related costs are described briefly below.

Additional Testing

Starting in FY 2006, NCLB will require annual testing of students in Grades 3-8 in mathematics and reading or language arts to see if they are making adequate yearly progress relative to state academic standards. NCLB also will require states to assess student achievement in science starting in FY 2008.

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Analysis (Cont'd)

Arizona currently measures student achievement relative to state academic standards through the AIMS test, which is administered each year to pupils in Grades 3, 5, 8 and high school. In order to make the AIMS test NCLB-compliant, ADE is developing first-time AIMS tests for Grades 4, 6 and 7. Data from ADE suggest that this will increase test development costs by about \$2.9 million in FY 2005. Federal funds are expected to cover NCLB-related test development costs for that year. Starting in FY 2006, however, actual testing under NCLB will begin and states will be expected to cover test administration and scoring costs on their own. (NCLB provides funding for test development, but not for test administration and scoring.) AIMS cost estimates for FY 2006 are not yet available, but we estimate that the number of students to be tested that year under NCLB would roughly double apart from the bill, since about twice as many grades will be tested. We very roughly estimate that this will increase test administration and scoring costs for Arizona in FY 2006 by \$2-4 million.

“Highly Qualified” Teachers

By FY 2006, NCLB requires that all teachers be “highly qualified” if they teach in schools that are supported with Title I monies. This means, for example, that public elementary and high school teachers in schools that receive Title I funding must be fully licensed or certified by the state and must not have had any certification or licensure requirements waived on a temporary basis. This aspect of NCLB potentially could increase state costs for teacher training.

Adequate Yearly Progress

NCLB requires each state to establish standards against which improvement will be measured in order to determine if pupils are making “adequate yearly progress.” Schools that do not make adequate yearly progress may be required to provide additional tutoring and other services, which could increase state costs. We cannot determine the cost of these additional services because they would depend largely on the number of Arizona schools not making adequate yearly progress under NCLB, which is unknown. In addition, criteria for measuring compliance under NCLB are not yet final.

Studies from Other States

The National Conference of State Legislatures (NCSL) webpage contains information on NCLB-related cost studies from other states (<http://www.ncsl.org/programs/educ/NCLBCostStudy.htm>). Most of the studies listed on that page conclude that state costs of complying with NCLB will greatly exceed the amount of new funding provided by the Act. A study done for the Ohio Department of Education, for example (“Projected Costs of Implementing the Federal ‘No Child Left Behind Act’ in Ohio” by William Driscoll and Dr. Howard Fleeter), estimates that the state would receive \$44 million in new money from NCLB, but would have new costs of about \$1.5 billion. A study cited on the NCLB webpage and published by the Hoover Institution (“Exploring the Costs of Accountability” by James Peyser and Robert Costrell), however, concludes that cost studies for NCLB often exaggerate new costs that states will incur under the Act.